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July 18, 2003

VIA ELECTRONIC FILING

Marlene Dortch, Secretary,
Federal Communications Commission
445 12th Street SW
Room TWB-204
Washington, DC 20554

Re: *Ex Parte Notification: WC Docket 03-138, Application By SBC Communications Inc. For Authorization Under Section 271 of The Communications Act to Provide In-Region, Inter LATA Service in the State of Michigan*

Dear Ms. Dortch:

Yesterday, Robert W. McCausland, Stephanie Timko and Kimberly Frey of Sage Telecom, Inc. ("Sage") participated telephonically in a meeting with Gina Spade, Marcus Maher, Michael Engel and John Hays, of the Commission's Wireline Competition Bureau SBC Michigan 271 team. Jonathan Canis and Ross Buntrock of Kelley Drye & Warren LLP appeared in person, on behalf of Sage to discuss the failure of SBC's Michigan application for 271 relief to satisfy Checklist Items 1 and 2 of the Section 271 Checklist.

Sage discussed SBC's on-going attempts to unilaterally impose billing terms and conditions and procedures upon Sage for all so-called "Incollect" calls¹ that are nowhere to be found in the terms of the interconnection agreement governing the relationship between the parties. Specifically, Sage indicated that despite a ruling by the Texas Public Utilities Commission decision, holding that the interconnection agreement between Sage and SBC clearly *does not require Sage to assume financial responsibility for uncollectible Incollect call charges*, and rather, contemplates Sage merely functioning as the billing and collection agent for SBC

¹ SBC originates and completes a significant number of collect calls to Sage end-users who, according to SBC, accept the charges for the SBC originated collect calls, known as "Incollect Calls," the majority of which are originated from prison pay phones

Marlene Dortch
July 18, 2003
Page Two

provided and completed Incollect calls, SBC has continued to demand that Sage assume financial responsibility for 100% of Incollect charges, including those charges that are uncollectible or unbillable. SBC's intransigence on this issue has forced Sage to litigate the same issue before the Michigan Public Service Commission, where an action is currently pending. **According to the current procedural schedule, a hearing in the Michigan case is currently set for August 6, 2003, and the judge's decision in the case is due on September 25, 2003.**

In addition, Sage discussed the issues associated with SBC's inability to provide Sage with accurate Call Detail Records ("CDR"), which Sage uses to bill for the terminating access services that Sage provides to its access customers. Sage indicated that it continues audit the terminating access CDRs received from SBC to determine the volume of terminating traffic underreported by SBC, and that it will update the Commission regarding its findings. The attached materials were provided to staff. In accordance with the Commission's rules one electronic copy of this notice and the attached materials are being provided for inclusion in the above referenced dockets.

Respectfully submitted,



Ross A. Buntrock

cc: Gina Spade
Michael Engel
Marcus Maher
John Hays

**Application By SBC Communications
for Authorization Under Section 271 of
the Act to Provide InterLATA Service
In the State of Michigan**

WC Docket 03-138

July 17, 2003

Sage Telecom, Inc.

Overview

- ❑ SBC Has Failed to Comply With Checklist Item 1 by Refusing to Comply With Its Interconnection Agreement with Sage
- ❑ Across the Board, the Record Demonstrates that SBC Has Failed to Comply With Checklist Item 2, Which Requires that SBC Provide CLECs with Timely and Accurate Usage Reports and Wholesale Bills
- ❑ To the Extent the Commission Approves This Application It Must Implement Permanent Performance Metrics, Monitor SBC's Compliance Going Forward, and Provide *Meaningful* and On-Going Enforcement

SBC Fails to Comply With Checklist Item 1 by Refusing to Comply With Its Interconnection Agreement with Sage

- Checklist Item 1 requires SBC to provide equal-in-quality interconnection to Sage on terms and conditions that are just, reasonable and nondiscriminatory *in accordance with the terms and conditions of the interconnection agreement between the parties* and according to the requirements of sections 251 and 252 of the Act
- The interconnection agreement between Sage and SBC contemplates Sage functioning as the billing and collection agent for SBC for “Incollect” calls—SBC originated collect calls--most of which originate from prison pay phones.

SBC Fails to Comply with Checklist Item 1 By Refusing to Comply with Its Interconnection Agreement With Sage (cont'd)

- ❑ Despite the plain language of the interconnection agreement, SBC has demanded that Sage assume financial responsibility for 100% of Incollect charges, including those charges that are uncollectible or unbillable
- ❑ SBC maintains this unreasonable position even after the Texas Public Utilities Commission ruled in October 2002 that SBC could not legally demand payment from Sage for such calls.
- ❑ Virtually the same language as was interpreted by the Texas Commission governs the parties in Michigan.
- ❑ Nonetheless, SBC continues to demand payment from Sage for Incollect calls in Michigan.
- ❑ Sage is currently litigating the issue before the Michigan PSC.

SBC Has Failed to Comply With Checklist Item 2, Which Requires that SBC Provide CLECs with Timely and Accurate Usage Reports and Wholesale Bills

- Checklist item 2 requires SBC to provide CLECs with (i) complete, accurate and timely reports on the service usage of competing carriers' customers and (ii) complete, accurate wholesale bills
- SBC has failed to provide Sage with either of the two “essential billing functions”
 - SBC's wholesale bills to Sage include improper charges for Incollect calls.
 - SBC has failed to provide Sage with complete and accurate Call Detail Records

SBC Has Failed to Comply With Checklist Item 2, Which Requires that SBC Provide CLECs with Timely and Accurate Usage Reports and Wholesale Bills

- Almost every other competitive carrier filing initial comments on this application reported significant wholesale billing problems with SBC
 - AT&T reported inaccurate UNE-P usage records (AT&T Comments at 24).
 - MCI reports thousands of discrepancies per month in their CABs bills (MCI Comments at 2-6).
 - TDS Metrocom and LMDI reported significant billing problems (CLEC Ass'n of Michigan et al Comments at 11; TDS Metrocom Comments at 6-16)
- Yesterday's DOJ Evaluation concluded that SBC's inability to render accurate wholesale bills, and insufficient MI billing metrics prevent DOJ from supporting the application.

To the Extent the Commission Approves This Application It Must Implement Aggressive Anti-backsliding Measures

- In light of the serious problems with SBC's wholesale billing performance and the serious impact SBC's generally anti-competitive behavior has upon CLECs, the Commission must put into place permanent mechanisms to ensure that SBC does not roll back any minor improvements it might make in order to secure grant of this application.
 - Specifically, the Commission must require that *permanent* and meaningful performance metrics, which include self-executing remedies, be in place before approving this Application.
 - The Commission must provide a *meaningful* forum for post 271 enforcement actions.
 - The Commission should also condition grant of the application upon creation of a permanent state "mandatory collaborative" process, similar to the one proposed by TDS Metrocomm (at 18)

Conclusion

- The Commission must find SBC in violation of Checklist item one for attempting to unilaterally impose upon Sage provisions that are not part of the interconnection agreement between the parties.
- The Commission must find SBC in violation of Checklist Item 2. SBC's billing problems are "competitively significant" for Sage, and every other CLEC commenting in this proceeding.
- To the extent that SBC can address these issues, Sage could support the application.

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of

The Application By SBC Communications Inc.
For Authorization Under Section 271 Of
The Communications Act To Provide In-Region,
InterLATA Service In The State Of Michigan

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WC Docket 03-138

**OPPOSITION OF
SAGE TELECOM, INC.**

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Dated: July 2, 2003

TABLE OF CONTENTS

	Page
I. INTRODUCTION AND SUMMARY	2
II SBC'S APPLICATION FAILS TO SATISFY CHECKLIST ITEM ONE	4
III. SBC'S APPLICATION FAILS TO SATISFY CHECKLIST ITEM TWO BECAUSE ITS PROVIDES INACCURATE BILLS AND INACCURATE CALL DETAIL RECORDS TO SAGE	8
IV. CONCLUSION.....	12

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	
The Application By SBC Communications Inc.)	WC Docket 03-138
For Authorization Under Section 271 Of)	
The Communications Act To Provide In-Region,)	
InterLATA Service In The State Of Michigan)	
)	

**OPPOSITION OF
SAGE TELECOM, INC.**

Sage Telecom, Inc. ("Sage"), by its undersigned counsel, hereby respectfully submits these comments in response to the Commission's Public Notice requesting comments in the above-captioned proceeding.¹ The Public Notice invites interested parties to respond to the Application of SBC Communications ("SBC") to provide in-region interLATA services in the state of Michigan pursuant to section 271 of the Communications Act of 1934, as amended ("Act").

I. INTRODUCTION AND SUMMARY

Sage Telecom, Inc. ("Sage") is a competitive local exchange carrier ("CLEC") dedicated to serving residential and business customers, primarily in rural and suburban areas. Currently Sage serves nearly 500,000 residential and small business customers in nine states—

¹ *Comments Requested on the Application by SBC Communications Inc. for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of Michigan*, Public Notice WC Docket No. 03-138, DA 03-2039 (June 19, 2003).

including Arkansas, California, Indiana, Kansas, Michigan, Missouri, Oklahoma, Texas, and Wisconsin—and is continuing to expand. Utilizing the Unbundled Network Element Platform (“UNE-P”), Sage offers a variety of calling plans, including its Home Choice Plan for residential customers, which includes unlimited local calling, long distance, and vertical features, such as Caller ID, Call Waiting and Call Forwarding. Founded in 1996, Sage Telecom has become one of the fastest growing residential competitive local exchange carriers.

By these comments, Sage opposes SBC’s Application for Section 271 relief in Michigan because SBC has failed, and continues to fail, to satisfy competitive Checklist items one and two. Checklist item one² requires SBC to provide equal-in-quality interconnection to Sage on terms and conditions that are just, reasonable and nondiscriminatory *in accordance with the terms and conditions of the interconnection agreement between the parties* and according to the requirements of sections 251 and 252 of the Act.³ However, SBC has attempted to unilaterally impose billing terms and conditions and procedures upon Sage for all so-called “Incollect” calls that are nowhere to be found in the terms of the interconnection agreement governing the parties relationship.⁴ Sage submits that SBC’s practice regarding Incollect calls clearly contravenes the interconnection agreement between the parties, and constitutes a violation of Section 251(c)(2)(D) of the Act. Accordingly, SBC is in violation of Checklist item one.

² 47 U.S.C. § 271(c)(2)(B)(1)

³ 47 U.S.C. § 271(c)(2)(B)(ii).

⁴ Sage, as a last resort and after being ignored by SBC for months, filed a complaint against SBC at the Michigan Public Service Commission addressing SBC’s illegal and anticompetitive attempts to force Sage to pay for all Incollect Traffic for which Sage was billed by SBC. During the pendency of the complaint, Sage will continue to engage in negotiations with SBC and is hopeful that a settlement of these issues can be reached.

In addition, SBC has failed to comply with Checklist item 2, which requires SBC to provide nondiscriminatory access to unbundled network elements ("UNEs"). SBC is deficient in compliance with this requirement in two respects. First, SBC improperly bills Sage for the Incollect calls, as described above. Second, SBC violates Checklist item 2 by its failure to render to Sage complete and accurate call detail records ("CDR") so that Sage can collect all access revenues to which it is entitled. Accordingly, SBC is not providing nondiscriminatory access to its operations support system ("OSS") in compliance with Checklist item 2. The Commission should, at a minimum, reject SBC's application until SBC has ceased its grossly anticompetitive practice of unilaterally billing Sage for all Incollect charges incurred by Sage's end-user customers for SBC services, and until such time as SBC is capable of providing Sage with complete and accurate call detail records.

II. SBC'S APPLICATION FAILS TO SATISFY CHECKLIST ITEM ONE

Section 271(c)(2)(b)(i) of the Act requires a Section 271 applicant to provide "[i]nterconnection in accordance with the requirements of sections 251(c)(2) and 252(d)(1)."⁵ Section 251(c)(2) imposes a duty on incumbent LECs "to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier's network . . . for the transmission and routing of telephone exchange service and exchange access."⁶

⁵ 47 USC § 271(c)(2)(B)(i); see *Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of New York*, CC Docket No. 99-295, Memorandum Opinion and Order, FCC 99-40415 FCC Rcd at 3977-78, para. 63 (Bell Atlantic New York Order); *Second BellSouth Louisiana Order*, 13 FCC Rcd at 20640, ¶ 61; *Ameritech Michigan Order*, 12 FCC Rcd at 20662, ¶ 222.

⁶ 47 USC §251(c)(2)(A).

Section 251 contains three requirements for the provision of interconnection.

First, an incumbent LEC must provide interconnection “at any technically feasible point within the carrier’s network.”⁷ Second, an incumbent LEC must provide interconnection that is “at least equal in quality to that provided by the local exchange carrier to itself.”⁸ Finally, the incumbent LEC must provide interconnection “on rates, terms, and conditions that are just, reasonable, and nondiscriminatory, *in accordance with the terms of the agreement* and the requirements of [section 251] and section 252.”⁹ Thus, in order to demonstrate compliance with item one of the competitive Checklist, a BOC must show that it is complying with each of the three prongs of Section 251. SBC, by unilaterally billing Sage for “Incollect” charges, is in effect unilaterally amending the terms, conditions and billing procedures agreed upon by the parties in their interconnection agreement, executed between Sage and SBC on August 9, 2002 and failing to provide interconnection to Sage on a just reasonable and nondiscriminatory basis, *in accordance with the agreement between the companies*.

Specifically, SBC originates and completes a significant number of collect calls to Sage end-users who, according to SBC, accept the charges for the SBC originated collect calls, known as “Incollect Calls,” the majority of which are originated from prison pay phones.¹⁰ SBC then sends Sage a daily usage feed (“DUF”) that contains the telephone number of the Sage end-user who purportedly accepted the call, the number of minutes of the call, and the SBC tariffed rate to be applied to the call. Sage uses the DUF record to create an invoice for the Incollect

⁷ 47 USC §251(c)(2)(B).

⁸ 47 USC §251(c)(2)(C).

⁹ §251(c)(2)(D) (emphasis added).

¹⁰ Incollect calls also include calls from third parties, other than SBC, however in those instances SBC has reached an agreement with the third party that SBC will bill for those calls and the records are simply passed through to Sage.

charges based solely on the information provided via the DUF, and bills the Sage end-user, who is asked to remit payment to Sage. If payment is remitted by the end user, Sage remits the collected monies to SBC. If however, the Sage end user does not pay the Incollect invoiced amount, collection efforts are undertaken by Sage consistent with Sages's own billing and collection procedures. If after 60 days the end user has not paid, Sage notifies SBC of the arrearage and SBC may notify Sage if SBC wishes to request a block for incoming Incollect calls to a specific end user.

Despite the fact that the interconnection agreement between Sage and SBC clearly *does not require Sage to assume financial responsibility for uncollectible Incollect call charges*, and rather, contemplates Sage merely functioning as the billing and collection agent for SBC provided and completed Incollect calls, SBC has demanded that Sage assume financial responsibility for 100% of Incollect charges, including those charges that are uncollectible or unbillable.

Sage challenged SBC's practice of demanding 100% payment from Sage for Incollect calls before the Texas Public Utilities Commission. The Texas arbitrator properly concluded that SBC had the financial responsibility for such calls because Sage was simply SBC's billing agent, and SBC could not demand payment from Sage.¹¹ As a result of the Texas arbitration decision, Sage and SBC-Texas implemented business practices that have governed the billing and payment of Incollect calls between the parties. Nonetheless, SBC has refused to implement similar arrangements in Michigan, despite Sage's successful Texas challenge to

¹¹ See *Petition of MCI MetroAccess Transmission Services LLC, Sage Telecom, Inc., Texas UNE Platform Coalition, McLeod USA Telecommunications Services, Inc. and AT&T Communications of Texas, LP for Arbitration with Southwestern Bell Telephone Under the Telecommunications Act of 1996*, PUCT Docket No. 24542 (rel. Oct. 3, 2002). Relevant portions of the decision, specifically portions of the order (including the Executive Summary) relating to DPL Issue No. 41, which address the Incollect issue, are attached hereto as Exhibit A.

SBC's attempt to unilaterally amend the terms of the interconnection agreement between the parties as it pertains to Incollect calls. Rather, SBC has taken the same untenable position on the issue in Michigan, and demanded that Sage to pay for 100% of the cost of Incollect calls.

In fact, SBC continues to bill Sage for Incollect calls, despite the fact that Sage notified SBC that it would dispute any and all invoices that billed Sage for Incollect charges on a going-forward basis. SBC has refused to implement with Sage a consistent set of practices and procedures for Incollect calls on a 13 state region-wide basis based upon the fair and efficient arbitration results in Texas. Apparently, SBC would rather force time-consuming and costly re-litigation of the issue with CLECs in each state *seriatim*.

Accordingly, the Commission must find SBC in violation of Checklist item one for attempting to unilaterally impose upon Sage provisions that are not part of the interconnection agreement between the parties. In fact, SBC has as much as acknowledged that the terms it has sought to foist upon Sage are not part of the agreement by offering to provide an amendment to the agreement governing "Alternately Billed Service" or the ABS Appendix. SBC's proposal of the ABS appendix is a *de facto* acknowledgement that the existing interconnection agreement between the parties does not obligate Sage to accept one-hundred percent of SBC's uncollectible incollect charges.

Not only does SBC's action with respect to Incollect calls violate Checklist item one, SBC's behavior underscores SBC's ability to impose additional costs on its competitors, making it potentially uneconomic to compete against SBC. By leveraging its position as the monopoly provider of telephone exchange and exchange access services in its territory—and knowing full well that Sage has no choice but to interconnect with and purchase critical inputs from it—SBC has created a situation where Sage is forced to either agree to pay SBC an amount

to which it is not entitled, or expend significant financial resources to litigate the issue in every state where Sage seeks interconnection with SBC. Either way, SBC is successfully able to saddle Sage with unnecessary costs.

Accordingly, the Commission should find that SBC has failed to comply with Checklist item one. The interconnection agreement between the parties clearly does not contain the terms and conditions that SBC is attempting to shoe-horn into it in order to unfairly increase Sage's cost of doing business and extract revenue from Sage to which it is not legally entitled.

III. SBC'S APPLICATION FAILS TO SATISFY CHECKLIST ITEM TWO BECAUSE IT PROVIDES INACCURATE BILLS AND INACCURATE CALL DETAIL RECORDS TO SAGE

Section 271(c)(2)(B)(ii) requires an applicant for 271 authority to provide "nondiscriminatory access to network elements in accordance with sections 251(c)(3) and 252(d)."¹² The Commission "has determined that access to OSS functions falls squarely within an incumbent LEC's duty under section 251(c)(3) to provide unbundled network elements under terms and conditions that are nondiscriminatory and just and reasonable."¹³ Specifically, a BOC must demonstrate that it provides non-discriminatory access to the five OSS functions: (1) pre-ordering; (2) ordering; (3) provisioning; (4) maintenance and repair; and (5) billing.¹⁴ Thus, in order to demonstrate compliance with the competitive Checklist, a BOC must show that it is

¹² 47 U.S.C. § 271(c)(2)(B)(ii).

¹³ Bell Atlantic New York Order, ¶ 84..

¹⁴ *Bell Atlantic New York Order*, 15 FCC Rcd at 3989, ¶ 82. The Commission has defined OSS as the various systems, databases, and personnel used by incumbent LECs to provide service to their customers. *See SWBT Texas Order*, 15 FCC Rcd at 18396-97, para. 92; *Bell Atlantic New York Order*, 15 FCC Rcd at 3989-90, ¶ 83; *Application of BellSouth Corporation, et al., Pursuant to Section 271 of the Communications Act of 1934, as amended, to Provide In-Region, InterLATA Services in South Carolina*, CC Docket No. 97-208, Memorandum Opinion and Order, 13 FCC Rcd 539, 585, ¶ 82 (*BellSouth South Carolina Order*).

providing just, reasonable, and nondiscriminatory access to OSS, including the billing component of the OSS UNE. In analyzing whether a BOC is providing adequate OSS access, the Commission analyzes each of the primary OSS functions – pre-ordering, ordering, provisioning, maintenance and repair, and billing – through a two-part inquiry. “First, [the Commission] determine[s] whether the BOC has deployed the necessary systems and personnel to provide sufficient access to each of the necessary OSS functions.... [The Commission] next assess[es] whether the OSS functions that the BOC has deployed are operationally ready as a practical matter.”¹⁵

Specific to the billing component of OSS, in previous section 271 decisions, the Commission has held that, pursuant to Checklist item 2, BOCs must provide competitive LECs with two essential billing functions: (i) complete, accurate and timely reports on the service usage of competing carriers’ customers and (ii) complete, accurate and timely wholesale bills. Service-usage reports and wholesale bills are issued by incumbent LECs to competitive LECs for two different purposes. Service-usage reports generally are issued to competitive LECs that purchase unbundled switching and measure the types and amounts of ILEC services that a competitive LEC’s end-users use for a limited period of time, usually one day.

In contrast, wholesale bills are issued by incumbent LECs to competitive LECs to collect compensation for the wholesale inputs, such as unbundled elements, used by competitive LECs to provide service to their end users. Generally, wholesale bills are issued on a monthly basis. Service-usage reports are essential because they allow competitors to track and bill the

¹⁵ *Id.*, ¶ 88 (emphasis added) (citations omitted) (internal quotations omitted).

types and amounts of services their customers use.¹⁶ Wholesale bills are essential because

CLECs like Sage must monitor the costs they incur in providing services to their customers.¹⁷

A BOC must demonstrate that it provides “competing carriers with complete and accurate reports on the service usage of competing carriers’ customers in substantially the same time and manner that it provides such information to itself, and a wholesale bill in a manner that gives competing carriers a meaningful opportunity to compete.”¹⁸ In making such an inquiry, the Commission evaluates a BOC’s billing processes and systems and billing performance metrics.¹⁹ The Commission also has looked at whether billing issues presented are competitively significant.²⁰

¹⁶ See, e.g., *Bell Atlantic New York Order*, 15 FCC Rcd at 4075, ¶ 226.

¹⁷ See, e.g., *SWBT Kansas/Oklahoma Order*, 16 FCC Rcd 6237, 6316-17, ¶ 163; Department of Justice Evaluation at 11-14 (inaccurate bills prevent competitive LECs from “determining whether Verizon is charging them correctly for services they have ordered,” increase competitive LECs’ “costs of doing business in Pennsylvania,” and “impedes not only efficient provisioning of new services, but also the raising of capital”); Pennsylvania Commission Comments at 102 (“Verizon PA needs to issue timely, accurate, auditable bills . . . to give its [competitive] LEC customers a meaningful and realistic opportunity to accurately assess their operational costs.”).

¹⁸ *Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) And Verizon Global Networks Inc., for Authorization to Provide In-Region, InterLATA Services in Massachusetts*, CC Docket No. 01-9, Memorandum Opinion and Order, FCC 01-130, ¶ 97 (rel. Apr. 16, 2001) (“Massachusetts 271 Order”). See also, *Application by SBC Communications, Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc., d/b/a Southwestern Bell Long Distance, Pursuant to Section 271 of the Telecommunications Act of 1996, to Provide In-Region, InterLATA Services in Texas*, CC Docket No. 00-65, Memorandum Opinion and Order, FCC 00-238, ¶ 210 (rel. June 30, 2000) (“Texas 271 Order”) and *Joint Application by SBC Communications Inc., Southwestern Bell Telephone Company, and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-Region, InterLATA Services in Kansas and Oklahoma*, CC Docket No. 00-217, Memorandum Opinion and Order, FCC 01-29, ¶ 163 (rel. Jan. 22, 2001) (“Kansas/Oklahoma 271 Order”).

¹⁹ *Id.*

²⁰ *Massachusetts 271 Order*, ¶ 98 (noting that exceptions related to billing issues were not “competitively significant”).

SBC has failed to provide Sage with either of the two “essential billing functions” described by the FCC, and they are both competitively significant. First, as described fully above in Section II, SBC’s wholesale bills to Sage include improper charges for Incollect calls. Second, SBC has failed to provide Sage with complete and accurate Call Detail Records (“CDR”) regarding the terminating access services that Sage provides to its access customers, including SBC itself. Indeed, an audit of Sage’s May 2003 CDRs for the state of Michigan indicates that the terminating access CDRs received from SBC underreport the volume of traffic terminated by Sage by more than 14%. However, the discrepancy is much higher in other SBC states where Sage operate. Indeed, the in the SBC states where Sage operates, Sage’s internal audits reveal that SBC’s reporting of terminating access traffic attributable to Sage is off by over 70% on the average, per month, region-wide. Such enormous errors by SBC are depriving Sage of revenue to which it is entitled.

Accurate CDRs from SBC are the only means by which Sage can bill in a timely and accurate way for access services. Despite Sage’s repeated attempts over the last several months to resolve this issue, no solution currently appears to be in sight. Sage is still without the necessary information required to ensure complete and accurate billing for terminating access services. Moreover, the longer SBC waits to provide it, the more stale the invoices become, and the greater the risk of nonpayment to Sage becomes. Obviously, this situation is having a negative financial impact on Sage.

Accordingly, depriving Sage of the ability to bill access customers for service puts Sage at a significant competitive disadvantage. In previous 271 proceedings, the Commission has noted the gravity of billing issues, and their detrimental effect upon competing carriers. In the Texas 271 Order, the Commission noted that billing issues “can cause direct

financial harm to competing carriers.”²¹ SBC’s billing problems are “competitively significant”²² for Sage. Foremost, without timely and accurate CDR, Sage cannot thereby bill its customers and collect revenues to which it is entitled.

With respect to the Incollect billings, Sage is forced to undertake the time-consuming process of auditing a bill and documenting the dispute, and as in Texas and Michigan, litigating the charges.

IV. CONCLUSION

Consistent with the foregoing, the Commission should reject SBC’s application.

Respectfully submitted,



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Dated: July 2, 2003

²¹ Texas 271 Order, ¶ 211.

²² Massachusetts 271 Order, ¶ 98.